

regular agenda set on a three-day stack beginning at 9:00 a.m. on December 3, 2024 (the "Hearing"). Sophie A. Karadanis, with Leach Kern Gruchow Song, appeared on behalf of 17 Clearacre Condominium Homeowners Association ("RESPONDENT") with Community 18 Association Manager ("CAM") Maria "Judy" Pinto (CAM.0007413-SUPR) along with 19 Provisional Community Manager Alma Delia De Arcos, Association Director Joe Lopez 20 (ASSN.0000946-BOD), all with Associa Sierra North, and Board member Yau Lau 21 22representing the Board members, present. Christal P. Keegan, Deputy Attorney General ("DAG") with the Nevada Attorney General's Office, appeared on behalf of the Real Estate 23Division of the Department of Business and Industry, State of Nevada (the "Division"). 24

Since the September 10-12, 2024 Commission Meetings, RESPONDENT admitted
to all the Division's factual allegations in its Amended Response to Complaint for
Disciplinary Action filed November 22, 2024. DAG Keegan informed the Commission the
RESPONDENT has a proposed plan of compliance for consideration by the Commission.

1	FINDINGS OF FACT
2	Based on a preponderance of the evidence in the record, the documents admitted at
3	the Hearing, and by stipulation of the parties, the Commission voted, to find all the
4	following factual allegations were proven:
5	1. Between about August 24, 2023, to February 5, 2024, the Division conducted
6	an audit for the Clearacre Condominium Homeowner's Association ("RESPONDENT").
7	Exhibit 1, CICC 000003 – CICC 000028.
8	A. Delinquent CPA Audits
9	2. At all times relevant to the Complaint, RESPONDENT'S 2020 and 2021 CPA
10	audits were draft reports not finalized nor adopted by the Board. <i>Exhibit 1, CICC 000010</i> .
11	3. While the Board initiated the 2022 CPA Audit, it had not been completed.
12	Exhibit 1, CICC 000010.
13	4. The May 24, 2022, Board of Directors Meeting Minutes indicated the
14	2019 CPA Audit was approved by the Board nearly two and a half years later. Exhibit 1,
15	CICC 000010, and Exhibit 3, CICC 000044.
16	5. The RESPONDENT admitted its audits were untimely. Exhibit 2,
17	CICC 000031.
18	B. Inadequate Budget Preparation
19	6. From the records provided, the Division's audit findings determined
20	RESPONDENT'S budgeting practices resulted in variances and net losses each year.
21	Exhibit 1, CICC 000011 – CICC 000013.
22	7. RESPONDENT reported inconsistent information between its approved
23	and ratified budgets from the Budget-to-Actual statements. Exhibit 1, CICC 000011 -
24	CICC 000013.
25	8. The May 10, 2021, Meeting Minutes indicated unit owners would be assessed
26	an emergency special assessment of \$112 per month for an additional 11 months to repair
27	a water intake line. Exhibit 1, CICC 000011, and Exhibit 3, CICC 000041.
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1 9. Yet, the December 2021 Budget-to-Actual demonstrated regular assessments  $\mathbf{2}$ were reduced and a special assessment was collected. Exhibit 1, CICC 000011 -3 CICC 000013. Further, in 2022, the Board supplied two separate budgets indicating entirely 4 10. different budget information. Exhibit 1, CICC 000011 - CICC 000013. 5

Additionally, the Reserve Budget for 2023 incorrectly listed the Reserve 11. special assessment contribution, which consequently incorrectly reported the Reserve net balances. Exhibit 1, CICC 000011 - CICC 000013.

RESPONDENT admitted it sent erroneous information out to owners. 9 12. 10 Exhibit 2. CICC 000032.

**RESPONDENT** admitted to improper record keeping resulting in incomplete 11 13. budget packages and minutes of budget ratification minutes. Exhibit 2, CICC 000031. 12

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С. Failure to Adequately Contribute to Reserve Account

RESPONDENT did not contribute to its Reserve Account in 2021, and only 14 14. some contributions were made in 2022 and 2023. Exhibit 1, CICC 000014.

According to the 2022 Reserve Study, the RESPONDENT'S funding 16 15. status was inadequately funded (18.57% funded). Exhibit 1, CICC 000014, and Exhibit 4, 17 18 CICC 000080.

19 16. In 2023, the Board stopped tracking the deferred contributions on the Dueto account ledger. Exhibit 1, CICC 000014. 20

17. The General Ledger statements failed to consistently show all deferred contributions as an Accounts Payable owed to the Reserve. Exhibit 1, CICC 000014, and Exhibit 7 CICC 000139 - CICC 000159.

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In August of 2023, ledgers indicated contributions were made to the Reserve 18. but the bank statements demonstrated no transfers were made. Exhibit 1, CICC 000014.

26As of August 31, 2023, RESPONDENT'S total Due-to owed from Operating 19. 27 to the Reserve Account of \$234,689.90, did not include reported amounts under Accounts 28

1	Povoblo on	d unreported deferred contributions of additional amounts of \$29,750.00.
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		ICC 000014, and Exhibit 7, CICC 000116 – CICC 000183.
3	20.	RESPONDENT admitted problems with proper recordkeeping and regularly
4	transferring	reserves. Exhibit 2, CICC 000032.
5		D. Frequency Shortcomings of Executive Session Meetings
6	21.	In 2021, only one executive session appears to be held. Exhibit 1,
7	CICC 00001	
8	22.	Ultimately, Meeting Minutes were missing for:
9		a. The October 25, 2021, Executive Session;
10		b. November 15, 2021, Budget Ratification; and
11		c. 2021 and 2022 Annual Unit Owner's meetings.
12	Exhibit 1, C	ICC 000014.
13	23.	RESPONDENT admitted its shortcomings in properly maintaining Meeting
14	Minutes Re	cord Keeping. Exhibit 2, CICC 000033.
15		E. Delinquent Omitted Invoices, Receipts, Check Images, and
16		Electronic Payments
17	24.	The RESPONDENT failed to provide documents during the audit, with
18	remaining o	utstanding items:
19		a. The approval log, or register, for AVIDPAY;
20		b. 2021 and 2022 check images;
21		c. Invoices and receipts for Eugene Burger Management (EBMC); and
22		d. The 2021 and 2022 budget ratification packages.
23	Exhibit 1, C	ICC 000016, Exhibit 2, CICC 000034, Exhibit 5, CICC 000100 – CICC 000107,
24	and Exhibit	6, CICC 000108 – CICC 000115.
25		F. Inadequate Insurance Crime Policy
26	25.	The Certificate of Insurance submitted to the Division provided only
27	\$175,000 in	crime coverage. Exhibit 9, CICC 000257.
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1	26. As of August 23, 2023, the Reserve Fund balance was approximately
2	\$263,360 with the three-month assessments of approximately \$115,459. Exhibit 1,
3	CICC 000017.
4	27. Therefore, the coverage should be a minimum of \$378,820. Exhibit 1,
5	CICC 000017.
6	28. RESPONDENT admitted the Board was unaware of their responsibility to
7	maintain a certain level of Crime Insurance. Exhibit 2, CICC 000035.
8	G. Cash Balances Not Fully Insured
9	29. RESPONDENT'S financial statements demonstrate cash balances in 2023
10	exceeding the FDIC coverage limits. Exhibit 1, CICC 000017.
11	30. As of August 31, 2023, the maximum loss at risk was approximately \$84,239.
12	Exhibit 1, CICC 000017.
13	CONCLUSIONS OF LAW
14	Based on the foregoing factual findings and the preponderance of the evidence, the
15	Commission voted, that all the following violations of law occurred:
16	31. RESPONDENT violated NRS 116.31144 by admission for delinquencies in
17	completing its annual audits.
18	32. RESPONDENT violated NAC 116.457 by admission for delinquencies in
19	completing its annual audits.
20	33. RESPONDENT violated NRS 116.3102(1)(b) by admission for failing to
21	create, retain and/or maintain proper record keeping.
22	34. RESPONDENT violated NRS 116.31151 by admission for failing to create,
23	retain and/or maintain proper record keeping.
24	35. RESPONDENT violated NRS 116.3103 by failing its fiduciary duties
25	regarding the Association's missing or omitted documents and records.
26	36. RESPONDENT concedes it violated NRS 116.3115 by failing to adequately
27	fund its Reserves and maintain its budget in accordance with the Reserve Study.
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**RESPONDENT** concedes it violated NAC 116.415 by failing to have proper 37. recordkeeping and regularly transferring reserves.

RESPONDENT violated NRS 116.31083 by admission for failing to maintain 38. its recordkeeping with regards to the requested meeting minutes.

RESPONDENT violated NRS 116.3108 by admission for failing to maintain 39. its recordkeeping with regards to the requested meeting minutes.

RESPONDENT violated NRS 116.31153 for failing to demonstrate two 40. approved signers on its checks.

9 RESPONDENT violated NAC 116.405(5) for failing to provide the Division 41. with the requested items to confirm the appropriate approval process for funds 10 disbursement.

RESPONDENT violated NRS 116.3113(1)(c) for failing to acquire the 1242. 13 required amount of Insurance Crime Policy required by law.

RESPONDENT violated NRS 116.311395(2) for failing to ensure all 43. Association deposits are fully insured.

## ORDER

17 The Commission, being fully apprised in the premises and good cause appearing, 18 **ORDERS** as follows:

1. **RESPONDENT** shall file annually with the Division its ratified annual 19 budget for calendar years 2026, 2027, and 2028, within thirty (30) days of ratification, and 20file its 2026, 2027, and 2028 CPA audited reports with the Division, within thirty (30) days of issuance of the audited report; 22

232. RESPONDENT shall pay to the Division a total amount of \$7,601.94 within 24 twelve (12) months of entry of Order. This total amount reflects no administrative fine 25amounts for committing the above-stated violations of law, but the costs of the 26investigation, the attorney's fees, and the hearing; and

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1	3. The Commission retains jurisdiction for correcting any errors that may have	
2	occurred in the drafting and issuance of this document.	
3	DATED this <u>20</u> day of December, 2024.	
4	COMMISSION FOR COMMON-INTEREST	
5	COMMUNITIES AND CONDOMINIUM HOTELS, DEPARTMENT OF BUSINESS AND INDUSTRY, STATE OF NEVADA	
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7 8	By: Styley M. VCman-	
9	Submitted by:	
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